

Mercer Super Trust Annual Report 2022

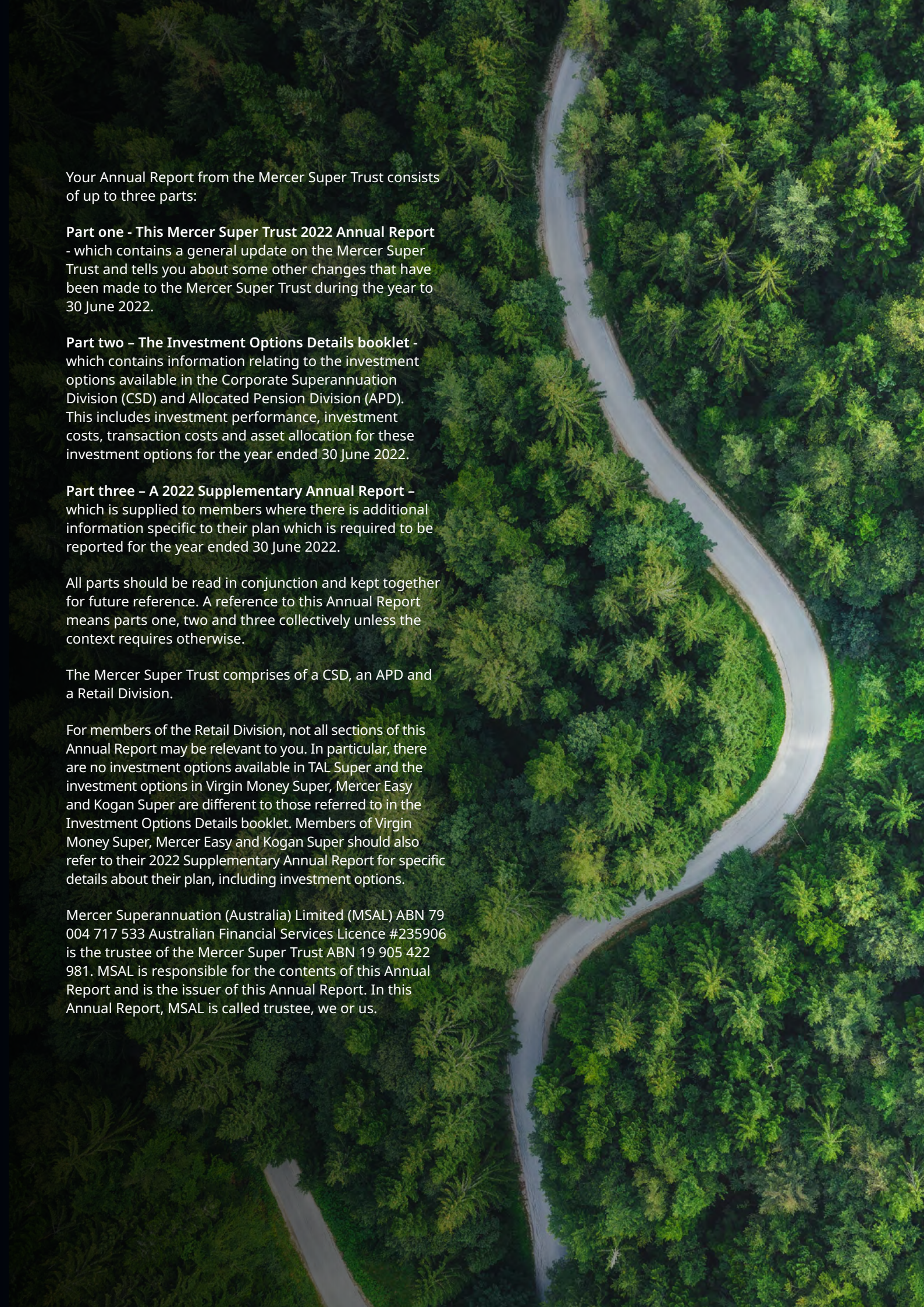


Part one

For the year ended
30 June 2022

For members of the
Corporate Superannuation
Division, Allocated Pension
Division and Retail Division
of the Mercer Super Trust.

December 2022

An aerial photograph showing a paved road that winds through a lush, dense forest. The road starts from the top left, curves to the right, then back to the left, and finally curves to the right again towards the bottom right. The forest is composed of various types of trees, including many palm trees, creating a rich green canopy. The lighting suggests a bright, sunny day.

Your Annual Report from the Mercer Super Trust consists of up to three parts:

Part one - This Mercer Super Trust 2022 Annual Report - which contains a general update on the Mercer Super Trust and tells you about some other changes that have been made to the Mercer Super Trust during the year to 30 June 2022.

Part two – The Investment Options Details booklet - which contains information relating to the investment options available in the Corporate Superannuation Division (CSD) and Allocated Pension Division (APD). This includes investment performance, investment costs, transaction costs and asset allocation for these investment options for the year ended 30 June 2022.

Part three – A 2022 Supplementary Annual Report – which is supplied to members where there is additional information specific to their plan which is required to be reported for the year ended 30 June 2022.

All parts should be read in conjunction and kept together for future reference. A reference to this Annual Report means parts one, two and three collectively unless the context requires otherwise.

The Mercer Super Trust comprises of a CSD, an APD and a Retail Division.

For members of the Retail Division, not all sections of this Annual Report may be relevant to you. In particular, there are no investment options available in TAL Super and the investment options in Virgin Money Super, Mercer Easy and Kogan Super are different to those referred to in the Investment Options Details booklet. Members of Virgin Money Super, Mercer Easy and Kogan Super should also refer to their 2022 Supplementary Annual Report for specific details about their plan, including investment options.

Mercer Superannuation (Australia) Limited (MSAL) ABN 79 004 717 533 Australian Financial Services Licence #235906 is the trustee of the Mercer Super Trust ABN 19 905 422 981. MSAL is responsible for the contents of this Annual Report and is the issuer of this Annual Report. In this Annual Report, MSAL is called trustee, we or us.

Contents

01

Message from
the Chair

02

The role of the
trustee Board

03

Message from
the CEO

04

Message from
the CIO

05

Changes to
the Mercer
Super Trust

07

Financial Summary for
the Mercer Super Trust

09

Investment
objective of the
Mercer Super
Trust

10

Investment
Managers

13

Largest share
holdings

14

About your super

17

If you need
assistance

Message from the Chair

We're here for you

It was a pleasure getting to know many of you at our second Annual Member Meeting (AMM) in March and hearing how engaged you are with your super. The AMM is a great opportunity for us to learn what's of importance to you. I encourage you to continue engaging with us throughout the year and we look forward to continuing the inclusive format of the AMM in 2023.

One of our key messages was asking you to check your beneficiary nominations are up to date. It's such a simple step towards peace of mind for you and your loved ones. It's also important to check and update all your details regularly, as life can change.

If you missed the AMM or would like more information, you can go to [Annual members meeting | Mercer Super](#) to read more about it. Details about our upcoming AMM will be sent to you in the coming weeks.

Shaping the future of our super fund

The BT Super transfer will set a new bar for retirement outcomes for more than 850,000 members - combining the best of price, performance and member services. Please read Tim Barber's CEO update on page 3 for more details.

Protecting your super

Throughout difficult times - including the continued impact of COVID and the political instability in Eastern Europe - our thoughts are with all affected. In these challenging times, we remain committed to providing you with the best possible results to help you prepare for retirement with confidence.

We remain committed to protecting your super and welcome the new Labor Government's strong support of superannuation. In particular, Labor's commitment to the current program to increase the rate of Super Guarantee up to 12% by 2025 - resulting in better retirement outcomes for Australians.

And on that note, on behalf of the Board, I thank you for the privilege of safeguarding your future and being a member of the Mercer Super Trust.

Warm regards,



Jan Swinhoe
Chair, Mercer Superannuation (Australia) Limited
Trustee of the Mercer Super Trust



The role of the trustee Board

The Mercer Super Trust members are at the core of our fund and it is the trustee Board's responsibility to ensure your superannuation is managed efficiently. The trustee Board sets the fund's strategies, goals and plans to ensure we consistently act in the best interests of our members.

All Board members have extensive experience in both the financial services industry and superannuation. In addition to this experience, all Board members are wholeheartedly committed to fulfilling their roles and responsibilities to you and other members.

While we are committed to achieving diversity for our Board and believe that diversity in all its forms is critical for an energised, capable and effective Board, all appointments are merit-based and seek to complement the skills, experience and attributes of existing Board members. By doing this, we ensure alignment with the values and strategic focus of the Mercer Super Trust.

Further information on the directors of Mercer Superannuation (Australia) Limited (MSAL) can be accessed [here](#).

The current directors of MSAL are as follows:



Jan Swinhoe
Chairman
Non-executive director



Jim Minto
Non-executive director



Sue O'Connor
Non-executive director



Pauline Vamos
Non-executive director



Darren Wickham
Non-executive director

Message from the CEO

When I joined Mercer Super a little over a year ago, my focus was on growing Mercer Super into a sustainable fund for our current and prospective members. Reflecting on this short time, we have already achieved some major accomplishments helping to drive positive member experiences and outcomes. There are many good things ahead of us as well.

Mercer Super and BT Super merger

In June this year, we announced our agreement to transfer BT Super into the Mercer Super Trust and expect the transfer to be completed in the first half of the 2023 calendar year. This is a significant and exciting change for both our business and our members, and an important step in our growth agenda.



The transfer of BT Super into the Mercer Super Trust will set a new bar for retirement outcomes for Australians - combining the best of price, performance and member services, and global and local scale.



Following the transfer, Mercer Super will be one of Australia's largest funds, aiming to deliver better retirement outcomes for more than 850,000 Australians.

We will share more details about what this means for you in the next few months.

You can read more about our merger [here](#).

Making a difference

Two important aspects of great member outcomes are the fees charged to members and insurance cover available to them.

As part of our commitment to continuous product improvement we reduced the dollar based administration fees for most members in December 2021.

We also reduced the investment fees for our Mercer Sustainable Plus investment options.

With people often remaining in the workforce for longer, we recognise that insurance cover plays a significant role in your super journey. Within the Corporate Superannuation Division, we improved our standard insurance* terms and conditions, extending the age at which insurance cover expires to make cover even more accessible to members.

Bookending the financial year was Mercer SmartPath's successful results in the Australian Prudential Regulation Authority (APRA) MySuper performance tests in both 2021 and 2022.

There are more great things ahead. We will be communicating with you again in early 2023 about further improvements to the Mercer Super Trust and how we are working to make a difference in our members' lives.

Mercer Super industry recognition

I am proud to share Mercer Super was recognised with a number of SuperRatings awards# in 2022, including SuperRatings' highest platinum rating for both our Allocated Pension Division and Corporate Superannuation Division products. These products also received SuperRatings platinum performance awards based on investment returns for 5 and 15 years respectively.

Looking ahead

With the close of a successful financial year, I'm excited to look forward and see Mercer Super continue to grow in 2023. We are confident our members, both current and new, will see a number of positive changes aimed at making a real difference to your retirement outcomes.

Tim Barber

CEO, Mercer Super



Please note:

* Standard insurance refers to the trustee's umbrella policy.

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Past performance is no guarantee of future performance.

® Mercer SmartPath is an Australian registered trademark of Mercer (Australia) Pty Ltd ABN 32 005 315 917.

Message from the CIO

I am very pleased to share the news that Mercer Super's MySuper default options (including Mercer SmartPath) passed the Australian Prudential Regulation Authority (APRA) Annual Performance Assessment (APA) for the second consecutive year as at 30 June 2022.

The assessment is designed to improve transparency and accountability in the superannuation industry and support benchmarking of MySuper investment performance. Passing the APA is testament to both the quality of our products in the market and our focus to consistently deliver great outcomes for our members and employers, in an industry with constantly evolving regulatory changes.

Superannuation is a long-term investment, and this past financial year was a good case in point that markets can go up and down – and sometimes very quickly. We continue to believe that well-diversified portfolios, coupled with a range of return drivers that incorporate our sustainability beliefs, will lead to better risk-adjusted returns over time to deliver great retirement outcomes for our members.

Looking back, the financial year ending 30 June 2021 was an extraordinary financial year for investment markets, with historically strong returns providing one of the best financial years on record for our members. The lower or negative returns in financial year 2022 reinforced the importance of taking a long term investment approach when thinking about your retirement savings.



Over the longer term, more than 84% of CSD Mercer SmartPath® members enjoy returns comfortably above the Default Options Median spanning 3, 5 and 7 years.*



* Ratings are published by SuperRatings Pty Ltd ABN 95 100 192 283 AFSL 311 880. Ratings are general advice only and have been prepared without taking account of your objectives, financial situation or needs. You should consider the appropriateness of the advice, having regard to your personal circumstances, objectives, financial situation and needs, read the product disclosure statement and seek independent financial advice before investing. The rating is not a recommendation to purchase, sell or hold any product. Past performance information is not indicative of future performance. Ratings are subject to change without notice and SuperRatings assumes no obligation to update. SuperRatings uses objective criteria and receives a fee for publishing awards. Visit superratings.com.au for ratings information and to access the full report. ©2022 SuperRatings. All rights reserved.

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Some of the highlights of the financial year ending 30 June 2022 include:

- Our older Corporate Superannuation Division (CSD) Mercer SmartPath® members (born pre 1968) outperformed the Default Options Median.* Our MySuper option performed as it's designed, exhibiting downside protection for those nearing retirement
- Over the longer term, more than 84% of CSD Mercer SmartPath® members enjoy returns comfortably above the Default Options Median spanning 3, 5 and 7 years.*
- For those members who have exercised choice based on their preference for risk, these 'Ready-made' diversified options were also in line or above their respective peer group medians for the financial year 2022, and above median investment performance over 3, 5 and 7 years.*

Mercer SmartPath

Mercer SmartPath is our default lifecycle investment option in the CSD and Allocated Pension Division (APD) that has been designed to automatically adjust the level of risk as you get closer to retirement age.

For example, younger members invested in Mercer SmartPath will have a higher allocation of growth assets, compared to an older member whose allocation will gradually move towards a more defensive asset allocation.

Mercer Sustainable Investment Report 2021 now available

I am pleased to share our latest sustainable investment report highlighting our progress and achievements released in 2022. You can access the report [here](#).

Kylie Willment

Chief Investment Officer, Mercer



Changes to the Mercer Super Trust

During the 2021/2022 financial year we made several changes to the Mercer Super Trust, which were notified to you via your preferred communication method. Please refer to the information provided to you during the year.

Indexation of standard fees from 1 January 2023

The trustee is entitled to increase the dollar based administration fees from 1 January each year. The trustee has made the decision not to increase the dollar based administration fees effective 1 January 2023.

Additionally, the regulatory changes implemented during the financial year include.

Changes to fees and costs disclosure

We updated the way our fees and costs are disclosed in line with new requirements introduced by the Australian Securities and Investment Commission (ASIC). These changes were introduced by ASIC to assist with the consistent and transparent disclosure of fees and costs, which will help make it easier to compare fees and costs across superannuation funds. As a result, we recategorised some of our fees and costs on 1 June 2022. The recategorisation mainly impacted the treatment of indirect costs, which were previously combined and disclosed via Indirect Cost Ratios and are now split into Investment Costs and Transaction Costs. As a result of the recategorisation there were no changes to the actual fees and costs you are charged.

Time to respond to complaints

In October 2021, ASIC Regulatory Guide 271, which provides guidance on internal dispute resolution, reduced the time frame for responding to a superannuation complaint from 90 days to 45 days, with some limited exceptions (such as complaints about death benefit distributions). Find out more about our Complaints Management Procedures [here](#).

Portfolio holdings disclosure

From 31 March 2022, fund websites must show details of the assets held in each investment option. More information on investment options can be found at www.mercersuper.com.au/investments

COVID-19 early release 'recontributions'

From 1 July 2021 up to 30 June 2030, individuals who withdrew super in 2020 or early 2021 under the COVID-19 early release of super scheme can make 'recontributions' that do not count toward their non-concessional contributions cap. A tax deduction cannot be claimed on such re-contributions.

Other regulatory changes effective from 1 July 2021 include:

Superannuation term	Change effective 1 July 2021
General pension transfer balance cap	The general transfer balance cap increased to \$1.7 million.
Minimum drawdown on pension accounts	The temporary 50% reduction in the minimum drawdown requirements for 2019/2020 and 2020/2021 was extended to also apply for 2021/2022.
Non-concessional contribution cap	The annual non-concessional contribution cap increased to \$110,000.
General concessional contribution cap	The general concessional contribution cap increased to \$27,500.
The Capital Gains Tax (CGT) cap	For the 2021/2022 income year the CGT cap amount increased to \$1,615,000.
The low rate cap	If you are between your preservation age and age 60 and receive a lump sum super payment, generally no tax is payable on the amount of the taxable component up to the low rate cap. The low rate cap increased to \$225,000 for the income year 2021/2022. It is a lifetime cap which is reduced by any amount previously applied to the low rate threshold.
Super Guarantee (SG) contributions	SG contributions made by employers increased to 10%. The SG rate is legislated to rise by a further 0.5% every year until 2025 when it will reach 12%.
Maximum SG contribution base	The maximum SG contribution base increased to \$58,920 income per quarter for the 2021/2022 income year. Employers don't have to contribute SG on earnings above this.

Regulatory changes effective from 1 July 2022 include:

Superannuation term	Change effective 1 July 2022
Minimum drawdown on pension accounts	The temporary 50% reduction in the minimum drawdown requirements was extended to also apply for 2022/2023.
The Capital Gains Tax (CGT) Cap	For the 2022/2023 income year the CGT cap amount increased to \$1,650,000.
The low rate cap	If you are between your preservation age and age 60 and receive a lump sum super payment, generally no tax is payable on the amount of the taxable component up to the low rate cap. The low rate cap increased to \$230,000 for the income year 2022/2023. It is a lifetime cap which is reduced by any amount previously applied to the low rate threshold.
Super Guarantee (SG) contributions	SG contributions made by employers increased to 10.5%. The SG rate is legislated to rise by a further 0.5% every year until 2025 when it will reach 12%.
Maximum SG contribution base	The maximum SG contribution base increased to \$60,220 income per quarter for the 2022/2023 income year. Employers don't have to contribute SG on earnings above this.
Minimum earnings threshold for SG contributions	The \$450 minimum earnings threshold for SG contributions was removed. Employees no longer need to earn at least \$450 in a month to be eligible for SG contributions by their employer.
Work test for voluntary super contributions	The Work Test that those aged 67 to 74 previously had to meet in order to make voluntary super contributions (other than downsizing contributions) was removed. The Work Test must still be met to claim a tax deduction for personal contributions made after age 66.
Non-concessional contribution bring-forward rule	The maximum age to use the non-concessional contribution bring-forward rule was increased to age 74.
Downsizing super contributions eligibility age	The minimum eligibility age to make downsizing contributions into super was reduced from 65 to 60 years of age (a further reduction to age 55 has been announced but is not yet legislated at the time of preparation of this report).

Amendment to governing rules all divisions

There was an amendment to the trust deed of the Mercer Master Fund on the 2nd of May 2022 in order to simplify the provisions relating to tailored MySuper licenses.

Industry Awards

I am proud to share Mercer Super was recognised with a number of SuperRatings awards[#] in 2022, including SuperRatings' highest platinum rating for both our Allocated Pension Division and Corporate Superannuation Division products.

Tim Barber

CEO, Mercer Super



Financial summary for the Mercer Super Trust

This is abridged financial information for the Mercer Super Trust for the year ended 30 June 2022. You can request a copy of the full audited accounts and auditor's report for the Mercer Super Trust by contacting the Helpline.

Statement of financial position as at 30 June 2022

	2022 (\$'000)	2021 (\$'000)
Assets		
Cash and cash equivalents	281,282	431,398
Investments	26,035,538	27,901,715
Receivables		
Interest receivable	132	23
Investment income receivable	1,170,098	1,456,443
Sundry debtors	4,794	4,954
Unsettled trades receivable	27,079	1,460
Other Assets		
Deferred tax asset	3,691	2,380
Total Assets	27,522,614	29,798,373
Liabilities		
Unsettled trades payable	29,038	354
Payables	77,650	33,150
Current tax liabilities	71,154	230,628
Deferred tax liabilities	66,153	366,381
Total Liabilities (excluding member liabilities)	243,995	630,513
Net Assets Available to Pay Benefits	27,278,619	29,167,860

Statement of changes in net assets

	2022 (\$'000)	2021 (\$'000)
Investment Revenue		
Distributions and dividends	1,465,708	1,630,626
Interest	366	404
Movement in fair value of investments	(3,171,533)	3,168,889
Investment management fee rebates	1,159	1,411
	(1,704,300)	4,801,330
Contribution Revenue		
Employer contributions	1,384,963	1,216,342
Member contributions	114,109	96,198
Transfers from Other Funds	894,984	1,816,236
	2,394,056	3,128,776
Other Revenue		
Other revenue	0	32
Total Revenue	689,756	7,930,138
Expenses		
Net asset administration and trustee expenses	135,043	63,257
Other expenses	13,594	3,419
Benefit payments	2,373,624	2,505,784
Net insurance costs	242,980	191,150
Tax on contributions	144,339	138,003
Tax on investment income	(330,583)	369,095
Other taxes	-	-
Total Expenses	2,578,997	3,270,708
Net Change in Net Assets	(1,889,241)	4,659,430
Net Assets at Start of Year	29,167,860	24,508,430
Net Assets at End of Year	27,278,619	29,167,860

Investment objective of the Mercer Super Trust

The primary purpose of the Mercer Super Trust is to enable members to build long-term savings for their retirement. To support this purpose, the primary investment objective of the Mercer Super Trust is to maximise investment returns over longer periods subject to constraints imposed by the need to contain fluctuations in returns over shorter periods within acceptable limits.

To this end, the trustee has established a range of investment options with different risk/reward profiles. Consideration of appropriate investment objectives ultimately guides the investment strategy and portfolio construction process for each option with the exception of the Mercer Direct investment option where the member selects their own investment strategy based on their personal financial circumstances and needs.

Your investment options

Please refer to the Investment Options Details booklet – part two of this Annual Report for information relating to the investment options available in the Corporate Superannuation Division (CSD) and Allocated Pension Division (APD). This includes investment performance, investment costs, transaction costs and asset allocation for these investment options for the year ended 30 June 2022.

The following plans have different or additional investment options to those set out in the Investment Options Details booklet:

Different investment options

- Virgin Money Super
- Mercer Easy
- Kogan Super

Additional investment options

- ARC Super
- Ford Employees Superannuation Plan
- Ford Management Superannuation Plan
- Mercer Tailored Super
- Mercer Tailored Super - myChoice
- Nine Super Plan

Members of the plans listed above should refer to their 2022 Supplementary Annual Report for specific details about their plans investment options.

Investment managers

As at 30 June 2022

The majority of the assets of the Mercer Super Trust, are invested in funds managed by Mercer Investments (Australia) Limited (MIAL), which in turn has investments with underlying investment managers. The underlying investment managers for the Mercer Super Trust as at 30 June 2022 are listed below.

Members of Virgin Money Super, Mercer Easy and Kogan Super in the Retail division, Mercer Tailored Super, Mercer Tailored Super - myChoice plans in the CSD have different or additional underlying investment managers to those set out in the table below. Members of those plans should refer to their 2022 Supplementary Annual Report for information specific to their plan.

Asset Class	Investment Manager Name
Australian Shares	Alphinity Investment Management
	Acadian Asset Management
	Ausbil Investment Management
	Fidelity
	First Sentier Investors
	Firetrail
	Greencape
	Longwave Capital Partners
	Pendal Group Limited
	Perennial Better Future Fund
	Perennial Value Management
	Plato Investment Management
	State Street Global Advisors
	Vinva Investment Management
	WaveStone Capital
International Shares	Acadian
	AllianceBernstein
	AQR Small Cap
	Arrowstreet
	Baillie Gifford
	BlackRock Investment Management
	GMO
	Impax
	Kempen Capital Management
	Lazard Asset Management
	LGIM
	Maj Invest
	Mirova
	RBC
	Schroder Investment Management
	SSGA
Wellington	
William Blair	

Investment managers as at 30 June 2022 (continued)

Asset Class	Investment Manager Name
Real Assets	AMP Capital Shopping Centre Fund
	Ardian Infrastructure
	Atlas Infrastructure
	Axiom Infrastructure
	Charter Hall Industrial
	Charter Hall Office
	Charter Hall Retail
	Dexus Wholesale Property Fund
	DigitalBridge
	Energy Capital Partners
	First Sentier Investors
	Goodman Funds Management
	GPT Wholesale Office Fund
	IFM Investors
	Investa Property Group
	Investa SPV
	I Squared Capital
	JP Morgan Infrastructure Investments Fund
	KKR Global
	KKR Diversified
	KSL Capital Partners
	Lend Lease Investment Management (APPF Retail)
	Macquarie Asia Infrastructure Fund
	Macquarie Investment Management
	Macquarie Specialised Asset Management
	New Forests Asset Management
Principal Global Investors	
Resolution Capital Global Property	
Stonepeak Infrastructure Partners	
Vauban	
Alternatives	Acadian Asset Management
	PineBridge Investment
Growth Fixed Interest	Ares Management
	Audax Group
	BlackRock
	Churchill Asset Management
	Colchester Global Investors
	HPS Investment Partners
	Intermediate Capital Group
	Metrics Credit Partners
	Nomura Asset Management
Northern Trust Collateral Account	

Investment managers as at 30 June 2022 (continued)

Asset Class	Investment Manager Name
Growth Fixed Interest	Park Square Capital
	PGIM
	RDF Lazul
	Related Fund Management
	Wellington Management
	Westbourne Capital
Defensive Fixed Interest	Ardea Investment Management
	AXA Investment Managers
	Challenger
	Colchester Global Investors
	Franklin Templeton
	Jamieson Coote Bonds
	LGIM
	Macquarie Investment Management
	Newton Investment Management
	Payden & Rygel
	PIMCO
	Robeco
	Schroder
	T Rowe Price
Wellington Management	
Cash	BlackRock
	Challenger

Use of derivatives

The investment managers appointed by the trustee may use derivatives to help manage risk (e.g. to hedge all or part of a foreign currency exposure).

Derivatives, such as futures or options, are investment products whose value is derived from one or more underlying assets. The value of a share option, for example, is linked to the value of the underlying share.

Derivatives may be used to assist in the efficient management of the portfolios (e.g. to quickly and effectively adjust asset class exposures and for rebalancing purposes) and to manage risk (e.g. for currency hedging). Losses from derivatives can occur (e.g. due to market movements).

Derivative risk is managed in adherence to *MIAL's Statement on Use of Derivatives*.

The derivative charge ratio

The derivative charge ratio is the percentage of the total market value of the assets of the Mercer Super Trust (other than cash) that the trustee has charged as security for derivatives investments made by the trustee.

Based on information provided by the custodian and investment managers, the trustee is unaware of any period in the year when the derivative charge ratio exceeded 5.00%.

Largest share holdings

The tables below show the top ten shares held in aggregate within the Mercer Super Trust Ready-made investment options in Australian shares and International shares, as at 30 June 2022.

As at 30 June 2022, there was no investment (including a combination of investments through a single or group of associated enterprises) that have had a combined value of more than 5% of the total assets of the Mercer Super Trust.

Australian Shares Stock	% Allocation	International Shares Stock	% Allocation
BHP Group Ltd	9.6	Microsoft Corp	3.3
CSL	7.2	Alphabet Inc	2.4
Commonwealth Bank	5.8	Apple	2.0
National Australia Bank	4.3	Meta Platforms Inc	1.5
ANZ Banking Group	3.5	Intact Financial Group	1.3
Telstra Corporation	2.9	Amazon	1.1
Macquarie Group Ltd	2.8	Charles Schwab Corp	1.1
Aristocrat Leisure Ltd	2.5	Procter & Gamble Co	1.0
Santos Ltd	2.4	AIA Group Ltd	1.0
Woolworths Group Ltd	2.3	Roche	0.9

The investments of the Mercer Super Trust are either held by the trustee directly or are held by an independent custodian. Members of Virgin Money Super and Kogan Super should refer to their 2022 Supplementary Annual Report for the largest shareholdings specific to their plan.



About your super

Important information about inactive accounts

We are required by law to transfer your super to the Australian Taxation Office (ATO) if certain conditions arise, see below. Any insurance cover you had in the Mercer Super Trust before transfer will cease when your super benefit is transferred to the ATO.

A confirmation letter will be issued to you if your benefit is paid to the ATO.

You can approach the ATO directly to claim any such money.

For Corporate Superannuation Division members if:

- you leave your employer or you choose another fund for your Super Guarantee contributions (Exercise Choice), and
- your account balance is less than \$500*, and
- you don't inform the trustee how and where you want your super paid within 30 days of leaving your employer or Exercising Choice.

*Refer to your plan's Product Disclosure Statement Documents to see if a different amount applies

For members of the Individual Section of the Mercer SmartSuper Plan, Virgin Money Super, Mercer Easy and Kogan Super if:

- your account balance falls below \$500, and
- you have been asked to tell the trustee how and where you want your super paid, and
- you don't inform the trustee within 30 days.

For Allocated Pension Division members if:

- your account balance falls below \$2,400
- you have been asked to tell the trustee how and where you want your super paid, and
- you don't inform the trustee within 30 days.

For TAL Super members if:

- a disability benefit becomes payable, and you do not meet an appropriate condition of release, and
- you haven't told us how and where you want your benefit paid.

Your payout may also be transferred to the ATO if:

- you're under age 65, and
- you haven't told us how and where you'd like your super paid, and
- we have written to you twice and both times the mail has been returned unclaimed.

Unclaimed monies

We will consider your super benefit as unclaimed money and send it to the ATO if:

- you are over age 65, we have received no contributions or rollovers for more than two years, and:
- we have been unable to contact you for a period of five years.

We may also be required to transfer your account to the ATO if:

- no contributions or rollovers have been received for more than 12 months, and
- we have not been able to contact you and your payout is less than \$6,000, or
- we do not have enough information to properly identify you.

You can approach the ATO to claim any such money directly.

You will no longer be a member of the Mercer Super Trust or have any right to claim a benefit from the fund and any insurance cover you may have had through your plan will cease if your super is transferred to the ATO.

A confirmation letter will be issued to you if your benefit is paid to the ATO.

There are also other circumstances under which we may be required by law to transfer your payout to the ATO. Refer to the ATO website at ato.gov.au for more information.

Paying your super if you leave Australia permanently

You may be eligible to access your super and have it paid directly to you after you have left Australia, as long as:

- you entered Australia on a temporary visa
- your temporary visa has expired or been cancelled, and
- you are not an Australian or New Zealand citizen or an Australian permanent resident.

The trustee may be required to transfer your super to the ATO if at least six months has passed since the expiry or cancellation of your temporary visa and you have left Australia and have not claimed your super.

If this happens, you will need to contact the ATO to claim your super, which will be paid to you subject to the deduction of tax. The ATO will provide the trustee with details of the members who can have their super transferred in these circumstances.

Tax rates on super payouts to a temporary resident who has left Australia are higher than those which apply to permanent residents or Australian or New Zealand citizens.

Interest (or investment earnings) in respect of super for temporary residents is not paid on amounts paid by the ATO (except in certain limited circumstances). The transfer to the ATO can be required even if you are still employed by your Australian employer.

In most cases, the trustee is required to provide a member with an exit statement when their benefit has been paid out of the fund. However, the Australian Securities and Investments Commission has provided trustees with relief from this requirement where benefits are paid to the ATO. This relief has been granted because most temporary residents do not advise the trustee of their overseas address details.

The trustee intends to rely on this relief. This means that the trustee is not obliged to notify or give an exit statement to a non-resident where a benefit has been transferred to the ATO.

Members should call the Helpline or Customer Care for more information on:

- how to make an application to the trustee for the release of your super for the reasons listed above, and
- what will happen to your super if you make such an application, and if your benefit has been transferred to the ATO and you need help to prove to the ATO that you are entitled to that benefit.

Superannuation surcharge tax

Although this surcharge has been abolished, Mercer Super Trust may still receive surcharge assessment notices from the ATO relating to a period where a surcharge applied.

If we receive a notice in relation to a member's account, the amount assessed will be deducted from the member's account and paid to the ATO.

If we receive a surcharge assessment for a member that has left the Mercer Super Trust it will generally be forwarded to the fund to which the benefit was paid or to the individual if the benefit was paid directly to them.

Reserves for the Mercer Super Trust

The trustee has created two reserves in the Mercer Super Trust: the Operational Risk Reserve (ORR) and Member Reserve.

The ORR was funded through the Operational Risk Financial Requirement (ORFR) levy which was charged to members of CSD, Personal Superannuation Division (closed 1 January 2020) and APD in the Mercer Super Trust. From 1 July 2016, the ORFR levy ceased to be charged to members of the Mercer Super Trust.

The ORR can be used to provide funding towards the cost of compensating Mercer Super Trust members for any operational incident which adversely affects their benefits. The ORR is complemented by a capital holding held by the trustee outside of the Mercer Super Trust.

The ORR in the Mercer Super Trust over the last four years was:

At 30 June

2022	2021	2020	2019
\$41.871m	\$43.266m	\$37.112m	\$38.053m

The ORR is invested in Mercer Select Growth as at 30 June 2022.

In addition, any plan specific reserves will be set out in your *Supplementary Annual Report* (as applicable).

The purpose of the Member Reserve (formally the Competitiveness and Member Benefits Reserve) is to allow the trustee to use certain unallocated fund assets for the benefit of members including to improve the competitiveness of the Mercer Super Trust. Such uses may include, but are not limited to:

- delivery of services to members;
- meeting the transition costs and ORFR requirements for inbound transitions; and
- improving the competitiveness of the Mercer Super Trust generally, to generate growth, which in turn benefits all Mercer Super Trust members.

The Member Reserve in the Mercer Super Trust as at 30 June 2022 is \$23.1m and is invested in Mercer Cash.

Service providers to the trustee

The trustee appoints a number of service providers to assist it in running the Mercer Super Trust. The main service providers to the trustee are the administrator, the investment consultant, the custodian and where applicable, the insurers. Details of these service providers are set out below.

Administrators

The trustee has appointed Mercer Outsourcing (Australia) Pty Ltd (ABN 83 068 908 912) to be the administrator to the Mercer Super Trust, except for TAL Super whose administrator is TAL Services Limited (ACN 076 105 130).

Investment Consultant

The trustee has appointed Mercer Investments (Australia) Limited (ABN 66 008 612 397) as the primary adviser to advise on the selection, appointment, replacement and ongoing evaluation of investment managers through an implemented consulting arrangement.

Custodian

The trustee has appointed The Northern Trust Company ABN 62 126 279 918 to act as the main custodian of the Mercer Super Trust.

Insurers

For Virgin Money Super the trustee has appointed One Path Life Limited ABN 33 009 657 176, Australian Financial Services Licence #238341 to provide insurance cover.

For TAL Super the trustee has appointed TAL Life Limited ABN 70 050 109 450 Australian Financial Services Licence #237848 to provide insurance cover.

For plans in the CSD that are insured through the trustee's umbrella insurance policy Mercer Easy and Kogan Super, the trustee has appointed AIA Australia Limited ABN 79 004 837 861 Australian Financial Services Licence #230043 to provide insurance cover.

For plans in the CSD that are not insured under the trustee's umbrella insurance policy, details of the insurer (if any) for your plan will be set out in the Plan Guide or other member materials (as applicable) for your plan.

Actuarial Services

The trustee has appointed Mercer Consulting (Australia) Pty Ltd ABN 55 153 168 140 for actuarial services in respect of defined benefit plans.

Advisory Services

They also provide advisory services in relation to claims and complaints as they arise in relation to members of the fund.

Indemnity insurance

The trustee has professional indemnity insurance to protect it and the fund against any honest mistakes that may occur in running the Mercer Super Trust.

Trustee Penalties

The trustee has not incurred any penalties under section 38A of SIS during the year ended 30 June 2022.

Enquiries and complaints handling

The trustee of the Mercer Super Trust has a process in place for dealing with member enquiries and complaints. To make an enquiry or complaint:

Members of Virgin Money Super can:

Call Customer Care **1300 652 770** or write to
Complaints Officer
Virgin Money Super
GPO Box 4650
Melbourne Vic 3001

Members of TAL Super can:

Call the Helpline **1300 209 088** or write to
Manager Complaints Resolution.
TAL Super plan in the Mercer Super Trust
GPO Box 5830
Sydney NSW 2001

Members of CSD, APD and Mercer Easy can:

Call the Helpline **1800 682 525** or write to
Mercer Super Trust's Enquiries and Complaints Officer.
Mercer Super Trust
GPO Box 4303
Melbourne VIC 3001

or email us:

MSALCustomer.Complaints@mercer.com

Members of Kogan Super can:

Call the Helpline **1800 517 212** or write to
Enquiries and Complaints Officer
Kogan Super
GPO Box 20065
Melbourne VIC 3001

The trustee will acknowledge your complaint as soon as practicable and will provide you a response no later than 45 calendar days after receiving your complaint, unless another time frame is allowed or required under the relevant legislation.

If the trustee is unable to provide you a response within 45 days, we will provide you a delay notification advising you the reasons for the delay, as well as your rights to complain to the Australian Financial Complaints Authority (AFCA). AFCA provides a fair and independent complaint resolution service that is free to consumers.

Contact details for AFCA are as follows;

Mail: Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001
Telephone: 1800 931 678
Website: afca.org.au
Email: info@afca.org.au

Some complaints must be lodged with AFCA within set timeframes or may be outside of AFCA's jurisdiction. Contact AFCA directly for more information about time limits and other requirements.

If you need assistance

Trustee

Mercer Superannuation (Australia) Limited
ABN 79 004 717 533

Corporate Superannuation Division (CSD)

Helpline **1800 682 525**
Overseas **+61 3 8306 0900**
8am to 7pm AEST Monday to Friday

Allocated Pension Division (APD)

Helpline **1800 671 369**
Overseas **+61 3 8306 0906**
8am to 7pm AEST Monday to Friday

Postal Address for CSD and APD

Mercer Super Trust
GPO Box 4303
Melbourne VIC 3001

Website for CSD and APD
mercersuper.com.au

Virgin Money Super

Customer Care **1300 652 770**
8am to 6pm AEST Monday to Friday
Virgin Money Super
GPO Box 4650
Melbourne VIC 3001
Website **virginmoney.com.au/super**

TAL Super

Helpline **1300 209 088**
8am to 7pm AEST Monday to Friday
Mercer Super Trust
GPO Box 4303
Melbourne VIC 3001
Website **tal.com.au/talsuper**

Mercer Easy

Helpline **1800 931 040**
8am to 7pm AEST Monday to Friday
Enquiries and Complaints Officer
Mercer Easy
Locked Bag 20065
Melbourne VIC 3001
Website **mercersuper.com.au**

Kogan Super

Helpline **1800 517 212**
8am to 6pm AEST Monday to Friday
Kogan Super
Locked Bag 20065
Melbourne VIC 3001
Website **kogansuper.com.au**

Keep your contact details up to date

We can only send you information if we have your current contact details.

You can update your details by using your personal login or by calling us.

Going overseas?

Please advise us if you are working overseas permanently, no longer intend to work in Australia or no longer meet the definition of Australian Resident for insurance purposes.

Keep your contact details up to date by contacting Helpline so we can provide you with more information about what may happen to your insurance arrangements and other benefits under your plan.

Privacy

For information on privacy and the handling of your personal information please refer to the Mercer Australia Privacy Policy, available under Privacy at **mercersuper.com.au/privacy**

You can contact our privacy officers by writing to us:

Virgin Money Super

Virgin Money's Privacy Officer
Level 19, 255 George Street
Sydney NSW 2000

virginmoney.com.au/privacy

Email: **privacy@virginmoney.com.au**

TAL Super

For TAL Super members refer to the TAL Privacy Policy available at **tal.com.au/privacy-policy** or contact the Helpline.

CSD, APD, Mercer Easy

Mercer's Privacy Officer
Mercer Superannuation (Australia) Limited
GPO Box 4303, Melbourne VIC 3001

Email: **privacy@mercerc.com**

Kogan Super

For Kogan Super members refer to the Kogan Privacy Policy available at **Kogan.com/au/privacy-policy** or contact the Helpline.

Important information and disclaimer

Mercer Superannuation (Australia) Limited (MSAL) ABN 79 004 717 533, Australian Financial Services Licence #235906 is the trustee of the Mercer Super Trust ABN 19 905 422 981, the issuer of this Annual Report.

Mercer Outsourcing (Australia) Pty Ltd (MOAPL) ABN 83 068 908 912 Australian Financial Services Licence #411980, Mercer Investments (Australia) Limited (MIAL) ABN 66 008 612 397 Australian Financial Services Licence #244385, Mercer Financial Advice (Australia) Pty Ltd (MFAAPL) ABN 76 153 168 293 Australian Financial Services Licence #411766, Mercer Consulting (Australia) Pty Ltd (MCAPL) ABN 55 153 168 140 and MSAL are wholly owned subsidiaries of Mercer (Australia) Pty Ltd (Mercer) ABN 32 005 315 917.

None of MSAL, MOAPL, MIAL, MFAAPL, MCAPL, Mercer, your employer or any of the investment managers guarantees the investment performance, earnings or return of capital invested in any of the Mercer Super Trust investment options.

The information contained in this report is given in good faith and has been derived from sources believed to be reliable and accurate. No warranty as to the accuracy or completeness of this information is given and no responsibility is accepted by Mercer Super Trust or its employees for any loss or damage arising from reliance on the information provided.

The information in this Annual Report includes some general product advice that does not take into account your financial situation, objectives or needs.

Before making any decisions, you should consider your own objectives, financial needs, the PDS you received upon joining and/or other member material specific to your membership plan or division and seek advice from a licenced or appropriately authorised financial adviser.

Additional tools and resources

Our priority is to keep you informed about the changing superannuation landscape. For up-to-date financial planning tools and investment option resources, visit the **Contact Us** page at www.mercersuper.com.au

If you are considering making any changes to your superannuation, we recommend seeking advice from a licensed, or appropriately authorised financial adviser before taking action. As a Mercer Super Trust member, you have access to limited financial advice over the phone, at no extra cost.





